

FY 2012 Japan Fair Trade Commission Performance Evaluation Report (Standard Format)

(The Japan Fair Trade Commission 24-(4))

Name of Activity	Measures against violations of the Subcontract Act, etc. Appropriate administration of the Subcontract Act						
Outline of Activity	Gathering information through written surveys, etc., conducting necessary investigations (on-site investigations, summoning, etc.) with respect to suspected violations of the Subcontract Act, and taking necessary measures (legal measures (recommendations pursuant to Article 7 of the Subcontract Act) or instructions) in cases where violations are acknowledged. Disseminating and promoting the Subcontract Act by hosting training for promoting proper subcontracts.						
Goal	Promoting fairness in subcontract transactions and protecting the interests of subcontractors by dealing speedily and accurately with main subcontracting entrepreneurs who violate the Subcontract Act by delaying payment, reducing the amount of subcontract proceeds,etc. (aiming for processing periods of within 10 months in cases of recommendations and within three months in cases of instructions) and seeking to eliminate such practices, and by seeking to disseminate information and knowledge about the Subcontract Act.						
Budget-Related Activity	Breakdown of Budget		FY 2009	FY 2010	FY 2011	FY 2012	Amount requested for FY 2013
	Amount Allocated (thousand yen)	Budget Supplemented (a)	95,121	116,948	133,076	140,166	137,170
		Budget Carried (b)	0	0	0	0	0
		Total (a + b)	95,121	116,948	133,076	140,166	137,170
	Executed amount (thousand yen) (c)		87,389	107,644	101,460		
Important Cabinet Policy Related to the Activity (Main Administrative Policy Speeches, etc.)	Name of the administrative policy speech, etc.			Date		Relevant part (excerpt)	
	Comprehensive Measures on Yen Appreciation: Toward the Construction of a Risk-Tolerant Society (Cabinet decision)			October 21, 2011		II. Specific Measures 1. Mitigating the pain of yen appreciation (2) Enhancement of financial and other assistance to small and medium-sized businesses suffering from yen appreciation. Furthermore, measures to maintain the capital of medium-sized businesses whose net worth has been damaged, assistance for the merger or combination of small and medium-sized businesses, and strict enforcement of the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, the Government will strengthen the functions of the Shitauke Kakekomidera (Subcontractors' "Safe Haven") such as running free lawyer counselling sessions.	
	Charter for Small and Medium Entrepreneurs of Japan (Cabinet decision)			June 18, 2010		3. (5) Enhancing fairness in markets The Government will strictly enforce the laws designed to protect the legitimate profits of SMEs, prevent large enterprises from delaying payment or reducing the amount of payment to SMEs , and remove all actions by large enterprises that demand excessive quality which inflicts unreasonable costs on SMEs.	

Evaluation Index	Implementation status of written surveys concerning subcontract transactions (firms) [See Notes 1&2]			Actual Results				
				FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
		No. of Main subcontracting entrepreneurs		30,268	34,181	36,342	38,046	38,503
		No. of Subcontractors		168,108	160,230	201,005	210,166	212,659
	Number of violations processed (recommendations) (cases)	Actual Results						
		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011		
		13	15	15	15	18		
	Number of violations processed (instructions) (cases)	Actual Results						
		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011		
		2,740	2,949	3,590	4,226	4,326		
	Processing period for recommendations (percentage of cases processed within 10 months) (%)	Actual Results						
		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011		
		46.2	73.3	46.7	46.7	38.9		
	Target figures for Each Fiscal Year		100	100	100	100	100	
	Processing period for instruction (Percentage of cases processed within 3 months) (%)	Actual Results						
		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011		
		96.2	96.2	96.7	95.9	97.2		
	Target figures for Each Fiscal Year		100	100	100	100	100	
	Interests of subcontractors directly protected by measures (10,000 yen) [See Note 3]	Actual Results						
FY 2007		FY 2008	FY 2009	FY 2010	FY 2011			
116,048		318,614	60,615	149,543	322,203			

Note 1: The Subcontract Act defines "main subcontracting entrepreneurs" and "subcontractors" according to the nature of commissioned transactions, the capital of the entrepreneurs commissioning transactions, and the capital of the entrepreneurs commissioned to undertake transactions.

Note 2: Given the characteristics of subcontract transactions, even if a subcontractor suffers a disadvantage as a result of a violation of the Subcontract Act by a main subcontracting entrepreneur, the subcontractor is unlikely to voluntarily provide information about the relevant violation. To redress this situation, the JFTC regularly conducts written surveys of main subcontracting entrepreneurs and their subcontractors.

Note 3: Total value of restoration measures (return of reduced amount of subcontract proceeds, etc.) taken by main subcontracting entrepreneurs with respect to disadvantages suffered by subcontractors in accordance with measures taken by the JFTC.

Evaluation Index	Number of training sessions for promoting proper subcontracts hosted (times)	Actual Results				
		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
		30	31	32	30	33
	Number of participants in training for promoting proper subcontracts (firms)	Actual Results				
		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
		4,092	4,080	4,307	3,935	4,412
	Understanding of the Subcontract Act (scope of application of the Subcontract Act and duties of main subcontracting entrepreneurs) after training (%) [See Note 4]	Actual Results				
		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
		-	-	-	93.2	91.4
	Understanding of the Subcontract Act (prohibited activity for main subcontracting entrepreneurs) after training (%) [See Note 4]	Actual Results				
		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
		-	-	-	96.4	94.3
	Number of accesses to brochures about the Subcontract Act published on the JFTC website	Actual Results				
		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
		-	-	-	155,049	172,623
	Number of accesses to texts of training for promoting proper subcontracts published on the JFTC website	Actual Results				
		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
		-	-	-	46,937	79,668
	Amount of coverage of recommendations in daily newspapers (lines) [See Note 5]	Actual Results				
		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
		1,538	3,970	1,328	1,850	1,892
	Number of accesses to FY2011 recommendations published on the JFTC website	Actual Results				
		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
		-	-	-	156,430	252,396

Note 4: The figure for understanding is the percentage of participants who answered "Clearly understood" or "Largely understood" in a questionnaire survey.

Note 5: Calculated based on the assumption that one column of a newspaper is approximately 70 lines.

Results of Evaluations of Activity	Status of Achievements	<p>Violations of the Subcontract Act in relation to which the JFTC issued a instruction were, on the whole (97.2%), processed within the target processing period of 3 months.</p> <p>The target for processing the violations of the Subcontract Act issuing a recommendation was not met. 38.9 percent of these violations were processed within the target processing period of 10 months (300 days). The average processing length was 310 days.</p>
	Directions for Future Activity	<p>Evaluated based on the evaluation indexes as a whole, the activity can be evaluated as being necessary and effective for promoting the fairness of subcontract transactions and protecting the interests of subcontractors. However, the activity has the following issues.</p> <p>In FY2011, although the JFTC worked hard to process cases, with the number of measures taken against main subcontracting entrepreneurs hitting record highs of 18 for recommendations and 4,326 for instructions, 11 of the 18 cases of recommendations were not processed within the target processing period. This was the result of an increase in time-intensive cases in which the main subcontracting entrepreneurs committed multiple violations against subcontractors, etc. The JFTC must work to further strengthen systems of its investigative divisions in order to shorten processing period, and promote the increase and accumulation of know-how concerning the investigation of cases, particularly the collection and analysis of evidence by investigation division officers.</p> <p>Based upon feedback from questionnaires after the training for promoting proper subcontracts, The JFTC also needs to strive to improve the equipment used in the training and the explanation methods in order to increase participant' motivation to attend. This includes giving explanations using such equipment as DVDs and projectors as well as providing training to officials giving lectures so they can acquire better presentation skills.</p>

Use of Expert Knowledge	<ul style="list-style-type: none"> Why has the number of recommendation cases and instruction cases increased? If the upward trend continues, some other measures will probably be necessary, over and above just improving the know-how of officials. (Mr. Tanabe) <p>(Some reasons for the increase in cases where measures were taken are the sluggish economic conditions, caused in part by yen appreciation, and the increase in cases overall, and because more wholesalers and retailers are now subject to the Subcontract Act due to the increase in private label products. This is why we believe it is an ongoing necessity to work to boost organizational strength and improve the capabilities of investigation division officers.)</p>
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Materials and Other Information Used During Policy Evaluation	<p>(1) “Status of Enforcement of the Subcontract Act, etc. and Measures for Fairness of Inter-Entrepreneur Transactions in FY2011” Drafted by: The JFTC Published on : May 30, 2012</p> <p>(2) Questionnaire about Hosting of Seminars for Promotion of Equitable Subcontractor Transactions Survey entrepreneurs: 4,412 firms Survey method: Questionnaire survey of seminar participants Drafted by: The JFTC Survey period: November 2011 Number of valid responses: 3,624 firms (this figure is for the number of collected questionnaires, as the number of valid responses varies with each questionnaire item)</p> <p>(Note) The above materials are all held by the General Affairs Division, Secretariat, General Secretariat, the JFTC</p>
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Responsible Department	Inter-Enterprise Trade Division, Subcontracts Inspection Office	Responsible Person	Tetsuya Fujimoto, Director of Inter-Enterprise Trade Division Akira Kamada, Manager of Subcontracts Inspection Office	Year/Month for Policy Evaluation	April – July, 2012
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